#### State of Michigan Department of Licensing and Regulatory Affairs UNEMPLOYMENT INSURANCE AGENCY www.michigan.gov/uia





## **FAMILY EMPLOYMENT GUIDE •**

Effective June 28, 2012, the Michigan Employment Security (MES) Act was amended by the removal of the 7-week limitation of unemployment benefits for certain family members employed by family owned corporations. Claimants filing new claims with a benefit year beginning (BYB) July 1, 2012, or later with an involved employer that is a family owned corporation are now eligible for the maximum entitlement of up to 20 weeks of benefits. This provision applies to business structures other than a sole proprietorship, a partnership or limited liability company (LLC).

The following information is applicable to a Benefit Year Beginning prior to July 1, 2012.

- **Step 1:** Find the type of business the unemployed worker worked for by using the left column below.
- **Step 2:** If unemployed worker's relationship to the business owner doesn't fit the definition, family employment is N/A

### — NO BENEFIT ENTITLEMENT —

### **TYPE OF BUSINESS •**

## **SELF EMPLOYMENT**

(UNEMPLOYED WORKER is sole owner) §§ 42(1) & 44(2) (Includes single member LLC's)

## **SOLE PROPRIETORSHIP**

(Owner is FAMILY MEMBER of Claimant) § 43(g) (Includes single member LLC's)

#### DEFINITION •

Unemployed worker performed services for a business which is solely owned by the unemployed worker.

Unemployed worker performed services for a business which is a **SOLE PROPRIETORSHIP** owned by the unemployed worker's:

- · Child, or
- Spouse, or
- Parent, if unemployed worker is under 18.

TYPE 1 **PARTNERSHIP** § 43(g) (Includes LLC's & LLP's)

If Type 1 Partnership does not apply, try Type 2 Partnership.

Unemployed worker performed services for a **PARTNERSHIP** of which any part is owned by the unemployed worker, or 100% which is owned by any combination of the following:

- Unemployed worker
- Unemployed worker's child(ren)
- Unemployed worker's spouse
- · Both of the unemployed worker's parents, if unemployed worker is under 18.

# — LIMITED ENTITLEMENT —

This section is for claims with BYBs <u>prior</u> to July 1, 2012. These claims are entitled to 7 weeks only.

#### TYPE OF BUSINESS

#### DEFINITION

CORPORATION § 46(g)\* & (h)\* Unemployed worker performed services for a **CORPORATION**, and <u>over</u> 50% of the corporate stock is owned by any one, or combination, of the following:

- Unemployed worker
- Unemployed worker's child(ren)
- · Unemployed worker's spouse
- Unemployed worker's parent(s), if unemployed worker is under 18.

TYPE 2
PARTNERSHIP
§ 46(g)\* & (h)\*
(Includes LLC's & LLP's)

Unemployed worker is NOT a partner, but performed services for a **PARTNERSHIP** that is owned more than 50% but less than 100% by any one, or combination of the unemployed worker's:

- Child(ren)
- Spouse
- Parent(s), if unemployed worker is under 18.

This partnership must have at least one non-family member.

## FAMILY RELATIONSHIPS WHICH AFFECT BENEFIT ENTITLEMENT ARE ONLY:

- 1) Child(ren), or
- 2) Spouse, or
- 3) Parent(s), if unemployed worker is under 18.

\*NOTE: Subsections (g) and (h) were deleted from the law effective June 28, 2012. As a result, these limitations only apply to BYBs established <u>prior</u> to July 1, 2012.